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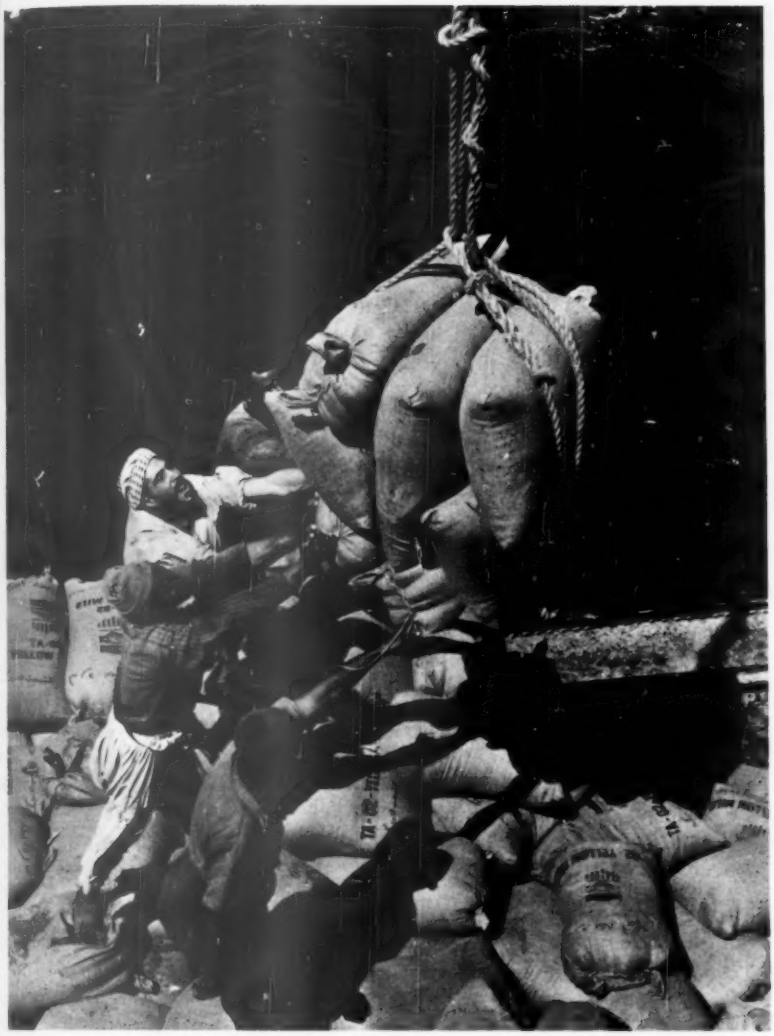

DECEMBER 5, 1966

NEW DIRECTION GIVEN
TO U.S. FOOD AID

FOREIGN MARKET FOR FRUITS

WORLD TALLOW MARKET
CHALLENGES U.S. EXPORTERS

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

DECEMBER 5, 1966

VOLUME IV • NUMBER 49

U.S. grain on its way to a friendly developing country, under Public Law 480. Story on the extension of this food aid program through 1967 and 1968 begins on opposite page.

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Orville L. Freeman, Secretary of Agriculture

Dorothy H. Jacobson, Assistant Secretary for International Affairs

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

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Said President Johnson upon signing the new food aid legislation—

"The only long-term solution is self-help"

On February 10, I proposed to the Congress a Food for Freedom program, by which the United States might lead the world in a war against hunger. The Act which I have signed today prepares us for this historic task.

Most of the developing world is now in crisis—one that is more serious than any ideological disagreement. Rapid population growth is putting relentless pressure on food supplies.

For six consecutive years world food consumption has exceeded production.

A precarious balance has been maintained through our surplus stocks. Seventy million tons of surplus grain have been used since 1961.

But today the surpluses are gone.

We have rationalized our domestic agriculture to eliminate unneeded surpluses. During the past few months, we have acted to expand wheat and feed grain production. Half of our 60-million-acre cropland reserve will be returned to production.

But even the food-producing capability of U.S. farmers —unmatched in history—cannot suffice indefinitely in a world that must feed a million new human beings each week.

The only long-term solution is self-help. Our new Food for Freedom program will provide American food and fiber to stimulate greater productivity in the developing countries. I am instructing the appropriate officials to make sales agreements only after carefully considering what practicable self-help measures are being taken by the recipient country to improve their own capacity to provide food for their people.

We must be certain that our Food for Freedom grants are consistent with our program to encourage the sound and rapid expansion of food production in the receiving countries. Food for Freedom grants will be made only where the country receiving the grant demonstrates its own willingness to help win its own war on hunger. We must also be certain that Food for Freedom grants are made, whenever possible, on a multilateral basis with the other countries of the world who have the resources to join us in food grant programs. We are all members of the family of man and as such we must band together if we are to be successful in the war on hunger.

This Act will also permit us to deal with food problems beyond hunger in its starkest form.

Here at home, our farmers will continue a high level of production in the years immediately ahead to meet food needs. In the longer run, successful economic development abroad will build markets for U.S. products.

The sound population programs, encouraged in this measure, freely and voluntarily undertaken, are vital to meeting the food crisis, and to the broader efforts of the developing nations to attain higher standards of living for their people.

There are, however, other provisions which cause me concern. I am particularly troubled by the provision which, while giving some latitude for Presidential discretion, precludes food aid to countries that sell, furnish or permit their ships or aircraft to transport any equipment, materials or commodities to either North Vietnam or Cuba.

The position of this Administration is quite clear as to free world trade and shipping to both North Vietnam and Cuba. We oppose it. We have conducted and will continue a very active effort against this trade; no free world countries now furnish arms or strategic items to either area.

However, I believe we should have the flexibility to use food aid to further the full range of our important national objective. Restrictions on its use deprive us of this flexibility. They inhibit us in meeting objectives to which four Administrations have dedicated themselves.

Accordingly, I hope that the Congress, in the next session, will reconsider those provisions of this bill, passed in the closing days of the session, which create major difficulties for our foreign policy.

In spite of these problems, the bill marks the beginning of one of the most important tasks of our time. I am proud to sign it.

Important New Direction Given U.S. Food Assistance

New Public Law 480 program emphasizes help for those countries that are determined to improve their own production of food.

On November 12 President Johnson gave his approval to a new food aid program for the United States.

This new program will provide both continuity and important new direction to U.S. food aid efforts. It was authorized by the 89th Congress as a 2-year extension of Public Law 480, the Agricultural Trade and Development Act of 1954. It will be in effect from January 1, 1967, through December 31, 1968.

The new program will build on the success of earlier Public Law 480 programs, which in the past 12 years have moved $15.5 billion worth of U.S. farm products into constructive use in the developing countries.

It will continue—and can increase—the very large flow of farm products to other countries under assistance arrangements.

It will encourage recipient countries to provide more and more of their own food requirements and assist them in their self-help efforts.

Four-part program

The new program, like the one it replaces, will operate under four titles. However, the kinds of provisions under each title have changed somewhat.

Title I now authorizes sales of U.S. farm products for dollar credits as well as for local currencies.

Title II authorizes famine relief and donations of food—both on a government-to-government basis and through voluntary and multilateral organizations.

Title III authorizes barter of U.S. farm products for materials and services from abroad.

Title IV stipulates that the program will be used to help those friendly countries that seriously try to cope with their own problems of food and population. It also provides criteria for determining the selection of commodities to be used in the program.

Self-help: New program will expect recipient countries to provide more of their own food. Left, wheat harvest on fertilizer demonstration site, part of an effort to increase food production in Morocco.

As in the past, concessional sales of U.S. farm products will be made only to friendly countries. This limitation excludes countries controlled or dominated by the world Communist movement or those that do business with Cuba or North Vietnam. One exception: The President, in the national interest, may authorize sales agreements with countries that export to Cuba such items as medical supplies and nonstrategic agricultural or food supplies.

Size of program

In extending Public Law 480 for 2 years, the Congress authorized adequate funds to maintain food aid shipments at existing levels and to make some expansions where most needed. Size of shipments to each participating country will depend on such conditions as needs of the country, its compliance with self-help stipulations, and availability of the commodities requested.

Under Title I, a total of $3.8 billion plus carryover of any unused funds from previous years is authorized for 1967 and 1968 in support of foreign currency and dollar credit sales.

Under Title II, $1.2 billion plus carryover is authorized for the 2-year period in support of donation and food grant programs.

The funds authorized are to defray cost to the U.S. Government. Market value of the commodities shipped will be smaller.

Stress on self-help efforts

The guiding policy of the new food aid program is epitomized in the following statement of a U.S. Department of Agriculture food expert:

"More and more it appears that the task of feeding the rapidly growing populations of the less-developed regions of the earth will be man's No. 1 challenge in the remaining decades of this century. And the problem must be solved *within* the less developed regions. The transfer of food from the developed regions can help but it is not the answer."

To qualify for U.S. food aid under the new program, developing countries must be trying conscientiously to provide more and more of their own food requirements from their own resources and efforts. When countries show a willingness to give high priority to improving their food production, the United States will reinforce their efforts with technical and scientific support from the Department of Agriculture, land-grant universities, and private agricultural resources.

The United States will also urge other developed coun-

tries to participate in these self-help supporting activities—through the strengthening of such multilateral efforts as those of the United Nations Food and Agricultural Organization and the United Nations Development Program.

Whatever is done in the less developed countries to increase food production and to limit runaway population growth will depend on the will-to-do of the nation itself. The willingness of the United States to assist will be governed by the willingness of the recipient country to reduce its dependence on such assistance.

The urgent need for the food deficit nations to expand their own production has been pointed out repeatedly by President Johnson. He has warned that, "The time is not far off when all combined production, on all of the acres, of all the agriculturally productive nations, will not meet the food needs of the developing nations—unless present trends are changed."

He has also pointed out the key to getting this required increase in production: "There is one characteristic common to all those who have increased the productivity of their farms: *a national will and determination to help themselves.*"

Removal of "surplus" requirement

An important new feature of the 1967-68 food aid program is its elimination of the requirement that a U.S. farm product be in "surplus" before it can be shipped to a nation in need. Instead, "available" products will be shipped overseas—for foreign currency sales, dollar credit sales, and under donation programs.

This removal of the "surplus" requirement is a recognition of the present state of agricultural supplies. When Public Law 480 was enacted in 1954, the United States had excessively large supplies of a number of farm commodities and was looking for constructive ways to move them into world trade. Now, however, U.S. farm surpluses have been cut to a manageable size for all but a very few commodities, and American agriculture is no longer a surplus producer.

The new approach is deliberate production to meet food requirements—for U.S. use, commercial exports, and food assistance exports. Production of sufficient farm commodities to meet all these needs and commitments will be included in the overall agricultural production planning for the Nation.

Transition to dollar sales

Another objective of the new program is to speed up the transition from "aid" status to "trade" status of the countries now paying for U.S. agricultural products with their local currencies. It sets a target date of December 31, 1971, for the completion of the changeover to purchase of these products in the commercial market.

To facilitate this transition, the legislation outlines two alternate purchase methods these countries may use if they cannot afford to pay cash.

They may buy for dollars on credit terms up to 20 years, with a 2-year grace period and payment of interest in dollars.

Nutrition improvement: New program will place more stress on foods for children that meet their requirements for protein, minerals, and vitamins. Right, Ecuadoran children receive U.S. milk.

Technical assistance: The United States will give technical support to self-help food-production efforts. Above, U.S. technician at work in Colombia.

Food aid: U.S. food will continue to go to other countries under assistance arrangements. Above, U.S. grain being distributed to aid Pakistan cyclone victims.

Or, if this too is beyond their financial ability, they may buy with local currencies to be repaid in dollars on 40-year credit terms, with a 10-year grace period and payment of interest in dollars.

Sales of export products on long-term credit have become increasingly important in the Public Law 480 programs in recent years. From July 1961 through June 1966 such agreements were made with 32 countries for shipment of farm commodities valued at over $800 million.

These sales have already helped a number of developing countries begin their transition from purchases with local currency to purchases for dollars. Among such countries are Iran, Iraq, Greece, Taiwan, Colombia, Ecuador, Brazil, and Peru.

Uses of foreign currencies

Foreign currencies obtained from the sale of U.S. commodities will continue to be used for a number of beneficial purposes. These include market development activities, loans to U.S. and foreign business firms, foreign economic development, payment of U.S. Embassy costs, international, educational, and cultural exchanges, and sales to tourists.

In addition, the currencies may be used to support programs of family planning—if requested for that purpose.

Emphasis on nutrition improvement

Much has already been done through Public Law 480 programs to identify the causes and cures of poor nutrition and to bring food remedies into force. More will be done, building on this base.

The new program will place additional emphasis—especially in donation programs—on foods for children that meet their requirements for protein, minerals, and vitamins. A major effort will be made to combat both malnutrition and undernutrition in younger children.

Undernutrition—a result of insufficient food—leads to lack of energy, susceptibility to disease, even starvation. Malnutrition—a result of lack of the nutrients in food necessary for health and growth—may bring about physical and mental stunting and in consequence an underdevelopment of a nation's human resources even more serious than the underdevelopment of its physical resources.

Some of the specific situations that may be met by the use of food are outlined in the following segment of the new legislation: "The President is authorized to determine requirements and furnish agricultural commodities, on behalf of the people of the United States of America, to meet famine or other urgent or extraordinary relief requirements; to combat malnutrition, especially in children; to promote economic and community development in friendly developing areas; and for needy persons and nonprofit school lunch and preschool feeding programs outside the United States."

This authorization will permit continuation of the disaster relief and foreign donation programs that have been relatively small in size but great in their impact on local populations. These programs have brought food aid to victims of fire, flood, storms, drought, earthquake, and civil strife. Donated food used as part payment of wages to workers have stimulated building of village schools, public roads, and other needed facilities.

Donated foods have also helped to feed 40 million school children and some 10 million preschool-age children and pregnant and nursing mothers. They have provided substantial contributions to the World Food Program of the United Nations Food and Agricultural Organization—thereby contributing to world nutrition and economic development.

Under the new program, nations receiving U.S. food aid will be expected to make this American generosity known to their people through public announcements—at the time agreements are made and when the shipments are received.

Continued foreign market development

The new program, like its predecessor, will emphasize and assist the development of larger foreign markets for U.S. products. Such market development activities have been highly successful in the past.

As agricultural commodities are sold to foreign countries for local currencies, not less than 5 percent of the proceeds will be made available to help finance market development work.

These funds plus contributions from cooperating private trade and agricultural groups will, as in the past, finance four types of activities: Cooperative programs carried out jointly by USDA and trade and agricultural groups; sales promotion of U.S. agricultural products at international trade fairs and trade centers; foreign marketing research; and foreign utilization research.

Market development activities have been an active and potent force in helping to build U.S. agricultural exports for dollars to record size.

To build on the past

The new program will build on the strong foundation of benefits that have come from Public Law 480 since 1954. During that time food aid programs authorized by this law have supplied food aid to 116 countries, which contain about half of the world's population. They have prevented hunger and starvation, improved diets, stimulated economic development.

And they have brought benefits back to the United States. The economic development built into foreign food aid programs measurably improves U.S. export sales opportunities. As countries prosper, they become better customers. Classic examples are Japan, Italy, and Spain. All were once aid recipients. All are now big cash buyers of U.S. farm commodities.

U.S. food aid has been accompanied by a dramatic increase in dollar-earning commercial exports. This growth is illustrated in the tabulation below, which shows exports for the first and latest years of Public Law 480 and totals for the 12-year period.

U.S. AGRICULTURAL EXPORTS—UNDER PUBLIC LAW 480 AND FOR DOLLARS

Type of export	Year ending June 30		
	1955	1966	1955-66
	Million dollars	*Million dollars*	*Million dollars*
Public Law 480:			
Sales for foreign currency	73	864	9,755
Disaster relief	83	150	1,328
Donations	135	171	1,915
Barter	125	227	2,076
Long-term supply and dollar credit sales	....	161	436
Total	416	1,573	15,510
Mutual Security	450	42	2,169
Commercial	2,278	5,066	39,939
Total	3,144	6,681	57,618

The FOREIGN MARKET for U.S. FRUITS

American fruit exporters are doing well, even though competition is getting tougher and increasing self-sufficiency is shrinking some markets.

U.S. exports of fresh and processed fruits scored an all-time high in 1965-66—the second year in succession—and may do as well this season. The quantity of both fresh and processed fruit shipped may even exceed last year's level, but because of lower prices, earnings probably will not reach the $327 million from 1965-66 sales. In addition, large increases in output by most of the world's fruit exporters, coupled with aggressive market development, has upped the competition for the United States.

In the 1965-66 season oranges continued to hold their long-standing No. 1 position as a U.S. dollar earner. Fresh apples turned in a remarkable performance and were second; grapes were third. During the 1965-66 season some 6.1 million boxes of U.S. apples went into export, the largest amount in over a quarter of a century; earnings hit $26 million—a postwar high. Primarily responsible for the gain were short apple crops in Europe and Argentina.

Grapes also succeeded in establishing a record for the United States. A large crop and competitive prices prompted favorable movements to Canada, the United Kingdom, and Scandinavia. Apples and grapes displaced canned peaches and fruit cocktail, which have held second and third place for a number of years. Untimely rains during the 1965 harvest reduced the latter two packs.

Competition in both fresh and processed fruits

Further increases in U.S. export activity are probable in the years ahead. As in the past, the possibility of occasional export gains, resulting from weather adversities in other producing regions, will always be present. Unlike the past, when American ingenuity in processing and marketing was unequaled elsewhere, several countries now have or are acquiring the needed know-how to place them in the proximity of serious competition. This challenge has already been felt in the marketing of fresh fruit and more recently in sales of processed products. Because of the critical need for foreign exchange earnings, a number of supplying countries have adopted a well-disciplined set of marketing rules. They are striving to ship their best pricing competitively, and promoting aggressively.

The United States still holds No. 1 position as a canned fruit exporter, but Australia and South Africa are rapidly gaining importance. Because of political ties and preferential duties, the United Kingdom has been their largest market. In the early 1960's the United Kingdom was an important buyer from the United States, purchasing about 29 percent of its canned peach imports from American exporters. Since then, however, the U.S. share has declined to 7 percent or less. The cutback by the United Kingdom was more than offset by its increased purchases from South Africa and Australia. Though the total volume of canned peaches shipped by the two Southern Hemisphere suppliers is still small, their buyers include prominent U.S. markets West Germany, the Netherlands, Belgium, and Scandinavia.

Future U.S. competition in canned peaches is not likely to be confined to Australia and South Africa, since Japan, Spain, Italy, France, Greece, Bulgaria, Argentina, and Chile are gaining momentum. In some of these countries interest in processing has been residual. The lucrative fresh market in more prosperous areas of Western Europe during the late 1950's prompted heavy plantings in the aforementioned countries. However, production expanded, the nearby fresh markets reached the saturation point, and surpluses built up. The processing industry which is now emerging will conveniently absorb extra supplies.

World output of canned pineapple also is on the increase. Production in Taiwan, now the world's leading exporter, has virtually skyrocketed over the past 10 years from about a million cases in the mid-1950's to 5 million in 1964-65. Taiwan competes with U.S. exporters in Western Europe, but also sells to this country.

Mexico is another pineapple producer gaining increasing prominence. Within 9 years the canned pack in Mexico has more than doubled, increasing from 533,000 cases (24 of No. 2½) in 1957 to 1.2 million cases in 1965. The United States is the largest market for Mexico's pineapple, accounting for about 60 percent of Mexico's exports. Canada, West Germany, and Spain are also important buyers.

Prospects dim for U.S. apples and oranges

With its production expanding, the United States needs new apple outlets. Chances for developing and maintaining them in key West European countries, however, are slim because of the area's increased self-sufficiency. Annual apple production in Italy, Europe's leading producer, has now firmly passed the 100-million-bushel mark and the French apple harvest for 1966—now forecast at 56 million bushels—will be the seventh consecutive record crop. Until recently an importer of apples, France now exports.

The increased availability of Mediterranean oranges, which are marketed heavily in the winter in the nearby consuming areas of Northern Europe, has confined U.S. trade there to minimal amounts. Between 1960 and 1965 orange production in the Mediterranean area registered a gain of 40 percent; lemons, 40 percent; and grapefruit, nearly 150 percent. Mexico, another major producer, has doubled its orange tree population since 1960.

U.S. oranges are no longer finding their foreign competition restricted to the winter marketing season. Exports from the more important producing countries of the Southern Hemisphere—the Republic of South Africa, Brazil, and Australia—are also expanding rapidly during the summer months. South Africa's exports of oranges in 1965 registered an increase of 60 percent from 10 years earlier.

South Africa at one time sent about 75 percent of its orange exports to the United Kingdom, but now movement has widened to other countries in Western Europe. The absolute volume of U.K. imports is about the same, but this market now accounts for only about one-third of the Republic's total exports. South Africa also has had some success in Canada and has sent between 500,000 and 600,000 boxes there annually since 1962.

French Agriculture Continues Strong Despite Decline in Crop Output

Despite a somewhat lower crop harvest, French agricultural production this year should be close to last year's excellent level because of record output of meat and livestock products.

Continuing improvement in agricultural technology and increasing investment are expected to support an upward trend in total production in line with development plan targets. These include an annual 4.8-percent increase in income per farm during the period 1966-70.

Production of all meat and livestock products this year is estimated up 3 percent over that of 1965 as a result of a 5.5-percent increase in milk output, over 1 percent in red meats, and about 1 percent in poultry meat and eggs. Only pork and horsemeat output declined, but even the 4-percent drop for pork did not offset increases for beef, veal, mutton, and poultry meat.

Beef output is expected to keep rising, as production is on the upside of the cycle and efforts to stimulate it continue. A plan for the reorganization of livestock production and marketing was approved this year. Fattening cattle on grain is being studied, but higher guide and intervention prices for grain may be needed to encourage this development. Since the bottom of the pork production cycle has been passed, output is likely to increase next year. The next few years should see a gradual rise in poultry meat outturn as the broiler industry is more efficiently organized.

Wheat down, other grains up

Wheat production dropped sharply from 14.8 million metric tons in 1965 to an estimated 11.4 million this year as a result of lower yields and reduced area. Rainy weather at flowering time, insect attack upon kernels, and late sowing of spring wheat with poor seed were responsible for the reduction in yield, while a late 1965 harvest which delayed preparation of the land for fall sowing before frost set in caused the area reduction.

Production of feedgrains increased 6 percent to nearly 14.6 million metric tons, with that of corn close to the 4-million-metric-ton level planned for 1970. An increase in barley area brought on a larger crop in spite of lower yields. But larger outputs of barley, corn, oats, sorghum, and rice did not offset the reduction in wheat, and overall grain production fell about 9 percent.

With more normal weather, the 1967 wheat crop should rebound to about the 1965 level, and production of other grains should reach 1966 proportions.

Trade with United States climbing

French trade with the United States in selected farm products has moved from a value of $73.4 million in 1959 to $204.3 million in 1965. During bilateral negotiations in June, the French Government agreed to liberalize import quotas on mixed dried fruits; grape, apple, mixed citrus and pineapple, and other mixed juices; and orange juice with specific gravity of less than 1.33. Quotas on canned asparagus and pineapple juice will be liberalized next year.

The United States has a substantial market for dried fruits, especially prunes in years of low French production. The duty on dried fruits is bound at 16 percent, but imports of processed prunes also face quantitative restrictions.

Canned fruits and vegetables are generally under import quota restrictions and subject to fixed duties of around 20 per cent.

Fresh apples and pears are subject to seasonal quota restrictions and fixed duties of 10-13 percent. In view of French production and prices, elimination of the already liberal quotas could not be expected to expand U.S. exports at this time, though reduction of the duty would help the United States during its marketing season.

The market for U.S. citrus has been growing steadily over the past several years. Imports are subject to fixed duties ranging from about 8 to 15 percent, some of them bound. Juices are also important in this category, with fixed duties of about 20 percent, mostly bound.

Oilseeds, grains top movers

Oilseeds and products are the United States biggest export to France in terms of value, worth $57 million, c.i.f. French ports, last year. Soybeans and soybean meal enter duty free, although soybeans are still under state trading. When the Common Agricultural Policy (CAP) for oilseeds becomes effective next year, more beans and less meal may be imported.

The United States is expected to continue as France's major supplier of corn and grain sorghum. Purchases last year were valued at $27 million. Despite a larger corn crop this year, French imports will be substantial and perhaps total 500,000 metric tons from all sources. Sorghum imports have been reduced as a result of EEC regulations, which do not recognize it as a lower priced grain than corn. Given equal prices, buyers will take corn rather than sorghum.

During the current crop year, France is expected to import at least 200,000 metric tons of hard wheats and about 400,000 of durum from all sources. It is quite possible millers will buy more hard wheats like hard winter, northern spring, and Manitoba in view of the small domestic wheat crop and the shortage of good-quality soft wheat. While millers are more familiar with Manitoba, purchases of U.S. hard wheats last year were valued at $16.4 million, compared with $3.3 million in 1964. Larger purchases of U.S. hard winter are likely when it is competitively priced with Manitoba.

Imports of U.S. seeds are expected to decline because of French inscription regulations. Subject to a variety of fixed duties, imports were worth $2.1 million in 1965.

The United States has had a substantial market for pulses in recent years, with French purchases totaling $3 million-$4 million annually. Duties range from 5 to 9 percent on these items, not covered by the CAP.

Perhaps the most spectacular growth in U.S. agricultural trade with France has occurred in variety meats. From $2 million in 1960, the value is now approaching $20 million, and the trend continues upward.

French purchases of U.S. cotton have dropped sharply as a result of stiff competition, but this trend is expected to reverse some with the new U.S. cotton marketing program for 1966-67. Trade is liberalized, and no import duties exist.

—Dispatch from HAROLD L. KOELLER
Assistant U.S. Agricultural Attaché, Paris

Changing World Tallow Market Challenges U.S. Exporters

Shifts that hit the U.S. tallow and grease market about 15 years ago have been catching on in other industrialized countries, and the years ahead will see new markets evolve as expanding economies bring increased demand for these animal fats.

As the world's leading producer, consumer, and exporter of tallow and greases, the United States has a vital interest in these global trends. Only by keeping a sharp ear attuned to the world market can this country—through a marketing program tailored to the needs of individual countries—maintain and even increase the flow of U.S. tallow abroad in the face of stiff competition.

In years past, a major use of tallow in the United States was in the production of laundry soap. Synthetic detergents have taken over most of this market, but the loss has been offset by the growing use of fats in animal feeds. Increasing amounts of tallow and greases are also being used in the production of fatty acids.

Synthetic detergents are now moving in on laundry soap in other countries. On the other hand, as nations become industrialized and living standards and incomes rise, so does consumption of higher quality tallow-based toilet soap. Use of animal fats in livestock and poultry feeds, an established fact in North America, is on the rise in Europe and promises to blossom presently in Japan where it is now in the embryonic stage.

Main thrusts in Europe, Japan

These two areas—Western Europe and Japan—have been the chief targets of U.S. market development efforts for tallow and greases. Highly industrialized dollar markets, they offer the best potential for greater use of tallow in toilet soap, animal feeds, and chemical compounds.

Japan, the Netherlands, and Italy—in that order—rank as the major foreign destinations for U.S. tallow and greases. Of the 2.1 billion pounds exported last year, these three countries took about 788 million. Total exports went to some 40 countries, and as other nations develop economically and acquire the foreign exchange to finance greater imports, this number will most likely increase.

Largely responsible for establishing the European and Japanese markets has been the program of feeding trials, soap promotion campaigns, trade fair participation, advertising, seminars, and a host of other activities carried on in Western Europe and Japan by the National Renderers Association and FAS. Now, the scope of the program promises to broaden, taking in Africa, eastern Asia, and Central and South America. Market surveys indicate that potential markets do exist in these areas and that properly tailored merchandising and promotion could turn them into real markets.

Africa—potential and problems

Nine countries were surveyed in Africa in August 1965. It seems safe to say that U.S. tallow is recognized here as elsewhere as a superior product and that as individual economies develop and living standards climb, per capita consumption of tallow-based toilet soap will rise.

South Africa is currently the United States best dollar market for tallow on the African continent. As is generally the case in African countries, all available tallow goes into soap.

Foreign exchange problems are a major obstacle to selling more tallow to African countries. These problems have led to import restrictions aimed at conserving funds for what are considered more vital needs. Thus, soapmakers have found it increasingly difficult to import enough tallow to maintain their operations. Were it not for this, it is certainly conceivable that a country like Ghana, for example, could easily absorb 15,000 to 20,000 tons more of tallow and choice white greases annually, compared with current imports of 7,000 tons from the United States.

Locally produced vegetable fats and oils are another deterrent to greater use of tallow. Because of their availability and because export markets have not yet been sufficiently developed for them, palm and coconut oils are used extensively in soap manufacture.

Prospects for adding tallow to animal feeds in Africa are too remote to even consider at this time. Africans are aware of the value of fat in feed, as crushing facilities leave a high level of natural fats in the oilseed meals used for feed. But there are too many strikes against using tallow in feed: Livestock industries are not well developed; technical knowledge and enthusiasm to support a fat-in-feed program is lacking, even where livestock and poultry industries are developing; and tallow does not have high priority on the list of import items for which foreign exchange may be allocated.

Tax barriers in Taiwan, Philippines

In most countries of eastern Asia, use of tallow in toilet soap is making modest advances, while synthetic detergents are taking an increasing share of the laundry soap market. Outside Japan, Taiwan is the one country in the area that could become a steady dollar market for U.S. tallow. The United States has been selling tallow there both commercially and under P.L. 480. The latest agreement under P.L. 480 was under Title IV with the Taiwan Development Corporation.

A 20-percent luxury tax, plus additional taxes totaling 5 percent, on toilet soap discourages its greater production and use in Taiwan. However, a soap promotion campaign stressing public health is slated to get under way this spring and could encourage the government to lift the tax.

The Philippine Republic, now using coconut oil as 80 percent of the raw material in soap production, could absorb more tallow. By substituting tallow for coconut oil in soap, the country could free some 145 million pounds of coconut oil and generate about $2 million in foreign exchange—provided Filipinos undertake a campaign to find markets for their oil.

Basic reason why Filipinos use so much coconut oil in soap is an 18 percent duty on imported tallow, a policy the government is unlikely to change in the immediate future. Considering handling charges, freight, and the tariff, tallow cannot be landed at less cost than coconut oil.

With Philippine interest in expand-

This article is based on a speech by Ivan E. Johnson, Chief, Foreign Marketing Branch, Livestock and Meat Products Division, FAS, before the 33d annual convention of the National Renderers Association.

ing the country's livestock and poultry industries, U.S. tallow could find a market here as a feed additive. Because neither feed industry nor government officials are well informed on the advantages of fat in feed, some sort of incentive would be needed to encourage its use. Removal of the tariff on tallow for feed, as was done in Japan, could provide that incentive.

A number of Central and South American countries have been steady buyers of U.S. animal fats, with some showing increases in the past year. To keep and even expand these markets, FAS and the National Renderers Association are considering a market development program in selected countries in the area.

Other countries eye world market

The United States is not alone in seeking out worldwide markets for tallow and greases. World production rose to a record 8.8 billion pounds in 1964 and dropped only slightly to 8.5 billion last year, almost entirely because of a decline in U.S. output. In most major producing countries, output is on the increase. A good portion of overseas production competes with U.S. tallow and greases in foreign markets.

Australia, the world's second largest producer, can supply all its domestic needs and still count upon exportable supplies of about 225 million pounds. Exports compete directly with U.S. tallow in Japan and the Philippines, with other major outlets in South Africa, Mainland China, the United Kingdom, and Malaysia. For the next several years, beef tallow production will likely decline because of the trend toward slaughtering younger, leaner cattle for consumption and export and because herd rebuilding is reducing the number slaughtered. On the other hand, domestic consumption of tallow is likely to increase as a result of rising population and growth in the domestic feed industry.

New Zealand exports about 125 million pounds of tallow annually, chiefly to Mainland China, the United Kingdom, Japan, and South Africa. Production has been increasing, reflecting the upward trend in animal slaughter.

Canada has seen its tallow and grease production move steadily upward in the past 5 years to about 260 million pounds in 1965. Another major competitor, its exports go chiefly to the United Kingdom, although Japan and Cuba have become increasingly active purchasers.

Argentina produces about the same amount of tallow and greases as Canada. The only tallow exporter in the Latin American Free Trade Association, Argentina has sold to Brazil, Chile, and Colombia. The country has imported tallow from the United States when its own supplies failed to meet domestic requirements.

The *United Kingdom* is one of the largest producers of tallow and greases in Europe, but still imports substantial amounts. Chief sources are Australia, New Zealand, and Canada, which enjoy Commonwealth preference. In spite of this, imports from the United States have been rising.

France is the leading producer of tallow and greases among European Economic Community countries, with production in 1965 of about 295 million pounds. About one-sixth of annual output is exported.

West Germany's production of animal fats has been somewhat stable in the past 3 years, but fat use in feed is increasing rapidly. The country's chemical industries use tallow in the production of fatty acids and alcohols for export. Imports of tallow from the United States hit 104.8 million pounds in 1964, declining to 70.7 million last year.

Italy, one of the world's leading tallow importers, has increased its domestic production about 50 percent over the 1956-60 average. Use of tallow in laundry soap has declined substantially, but incorporation of animal fats in feed has been rising rapidly. Imports of U.S. origin were 115.3 million pounds in 1965.

Competition for U.S. tallow and greases on the world market comes not only from foreign-produced tallow and greases, but also from oilseeds, oils, and other fats. World production of all oils, oilseeds, and fats, on the upward move since 1959, is expected to reach record heights this year, and trade in these commodities is at a record high. Increased fish catches off the coasts of Norway, Iceland, Denmark, and Peru in July-September this year have caused fish-oil prices to drop drastically, and Japanese soapers have reportedly switched temporarily from tallow to fish oil as a result.

These factors, plus increasing tallow and grease output in most major producing countries, have brought about a decline in world tallow prices. Prices dropped about 1 cent a pound during January-May of this year, stabilized for a while, then resumed their decline in the third quarter with a sharp drop of another cent in September-October. Since world production of oilseeds, oils, and fats is expected to continue high, tallow prices will likely trend lower in 1967.

On the brighter side, strong demand for tallow and greases is likely to continue as economies expand and populations increase. With greater efforts to reach consumers and end users of tallow and tallow products, continued research to find new uses, and efforts to gain acceptance of new uses abroad, U.S. tallow and greases should be able to continue meeting the challenges of worldwide marketing.

Taiwan Schedules Soap Promotion Campaign for 1967

A cleanup campaign stressing personal hygiene, especially in rural areas, is slated to get under way in Taiwan this spring, promoting greater use of soap throughout the country. With increased soap use, the United States can expect to sell more tallow.

The stage was set for the program recently when the National Renderers Association, FAS cooperator in overseas market development, signed a soap promotion contract with the Taiwan Soap and Detergent Manufacturing Association. A 7-point program is scheduled involving (1) health education; (2) posters, leaflets, and pamphlets; (3) distribution of soap samples to schools; (4) soap contests; (5) radio programs; (6) movies; and (7) institutional, newspaper, and television advertising.

A major roadblock to the campaign is the Taiwan Government's 20-percent luxury tax on toilet soap, discouraging its more widespread use. However, government officials are enthusiastic about the campaign to improve health standards, and relief from the tax could be granted.

Taiwan currently consumes an average of about 44 million pounds of tallow annually, nearly all of it going into production of laundry and toilet soaps. Last year, imports of 39 million pounds came almost entirely from the United States.

Japan Taking a Good Look at the Direction of Its Farm Imports

Rapid growth of the Japanese economy has generated strong demand for a wide variety of agricultural products. As a result, Japan is now the fourth largest importer of farm products—behind the United Kingdom, the United States, and West Germany—and the focal point of heavy sales competition among foreign suppliers. With this rising importance, Japan has begun some serious thinking about the direction its trade should take.

The United States is the leading nation in this active market and counts Japan as the major overseas buyer of its farm products. In 1965, Japan's imports of U.S. agricultural products totaled nearly a billion dollars on a c.i.f. (cost, insurance, and freight) basis. Following at a considerable distance in 1965 was Australia, with sales of around $388 million to Japan. Canada was in third place, with $147 million, and Taiwan and Mainland China rounded out the top five.

Concern about dependence on U.S.

Even though the United States is Japan's best overseas source, there is some concern on the part of Japanese public and officialdom about Japan's heavy dependence on the United States as a source for agricultural products.

No doubt this concern is partly responsible for the increasing attention being paid by Japan to agricultural development in Southeast Asia. Prospects of opening markets in that area for Japanese industrial products are, of course, even more important.

There has been considerable discussion about the possibility of getting more rice from Southeast Asia, but this presents severe difficulties because Japanese consumers do not like the long grain rice grown there.

It appears that prospects are better for increasing imports of feedgrains and other products from Southeast Asia. This has already happened to a certain extent. Imports of corn from Thailand provide the most striking example; these are estimated at 800,000 tons this year compared with only 48,000 tons in 1956.

Japan also is buying more from Australia and New Zealand. The rapidly expanding Japanese wool textile industry looks to Australia as its leading source of raw wool. Imports of wheat from Australia and of meat and dairy items from Australia and New Zealand have also risen.

Agricultural products—particularly rice, soybeans and corn—constitute an important part of Mainland China's shipments to Japan. The demand for Chinese soybeans is especially active as these are favored by Japanese manufacturers of traditional soy products such as shoyu, tofu, and miso. The limited availability of most of these commodities from Mainland China is the principal factor restricting greater trade.

Factors favoring U.S. trade

There are, on the other hand, many factors that still favor a strong U.S. position relative to other would-be suppliers.

Imports of American agricultural products balance exports of Japanese industrial items to the United States, a fact of which policy-making officials in both governments are fully aware. It is interesting to note that shipments of agricultural products to Japan from the United States have outpaced those of nonagricultural products in the last several years. During the past 5 years, our agricultural exports to Japan have increased by an average of about $80 million per year, while those of industrial products have risen by only $65 million.

This expansion has been assisted by an aggressive agricultural export promotion program in Japan carried out on a cooperative basis by 20 U.S. agricultural trade associations and the U.S. Department of Agriculture.

Hopefully, the advantages of continued trade expansion between the United States and Japan will outweigh the disadvantages. If this is the case, U.S. agricultural exports to Japan could reach $1.5 billion early in the next decade.

—ELMER W. HALLOWELL
U.S. Agricultural Attaché, Tokyo

Austrian Crop Production Hits New Record, Grain Imports To Fall

Austrian crop production in 1966 will be the largest on record and about 25 percent above the low output of 1965. This is expected to reduce grain import requirements in 1966-67 below the unusually high level of the previous year.

Crops in general had an excellent start in the 1965-66 season. Shortly before harvest, weather conditions deteriorated, but there was little serious crop damage in the important grain-producing areas.

Record yields occurred in most grains and in early potatoes. Breadgrains climbed 18.2 percent above the 1960-61/1964-65 average to an estimated 1.31 million metric tons, and coarse grains rose 15.6 percent to 1.3 million tons.

Per hectare yields of corn for roughage and late potatoes are currently rated as satisfactory. However, area planted to these items is comparatively small this year, and total production will fall short of the average.

A large supply of hay is expected to aid livestock production, and sugarbeets—estimated at 2.15 million tons—are 18 percent above the 5-year average.

This abundance of food and feed crops will have a strong impact on the country's grain imports in 1966-67. Unofficial estimates place aggregate imports of high-protein wheat, durum wheat, and bread rye at 85,000 tons, or 32 percent below the 1965-66 level. Imports of coarse grains for livestock feeding and industrial purposes are expected to be 500,000 tons. This is about half the high 1965-66 level but only 8 percent smaller than the average for 1960-61/1964-65. One reason for the sharp decline from 1965-66 in import requirements of feedgrains is Austria's 200,000-ton surplus of soft wheat, which will have to be fed to livestock for lack of other outlets. Another contributing factor is a reduction in hog numbers.

The United States normally supplies about a third of these feedgrain requirements.

New Zealand Uses More U.S. Tobacco Leaf

Use of imported leaf in New Zealand's tobacco factories totaled 6.1 million pounds in the year ended June 30, 1966. Of this total, nearly 5.7 million pounds were of U.S. origin and less than 300,000 pounds were Rhodesian. In the previous year, the United States supplied only 4.2 million of the 5.8-million total, whereas Rhodesia supplied 1.2 million.

The sharp rise in use of U.S. leaf probably reflects inadequate stocks of aged Rhodesian tobacco ready for manufacture, although nearly 2 million pounds of Rhodesian 1965-crop leaf arrived in New Zealand in the first quarter of calendar 1966. These imports presumably were made under contracts entered into prior to the ban on Rhodesian tobacco, effective December 31, 1965.

Ontario Flue-Cured Prices Open Strong

Auction sales of the 1966 flue-cured tobacco crop in Ontario, Canada, opened on November 10. The price for the first day of the 1966 sales season averaged 63.4 Canadian cents per pound, compared with 57.3 cents for opening day last year. For the second day, the average price was 68.5 cents; for the third, 69.8 cents; and for the fourth, 71.2 cents. The price for the first 4 days averaged 68.4 Canadian cents (63.1 U.S. cents) for a total volume of 8.4 million pounds.

The season's average price for Ontario's 1965 flue-cured crop was 65.96 Canadian cents per pound; equivalent to 61.2 U.S. cents.

The 1966 flue-cured harvest in Ontario is now estimated at 208 million pounds from a measured area of 117,511 acres, compared with the early season's goal of 210 million to 230 million pounds from a quota acreage of 128,141. The 1965 crop amounted to 154.0 million pounds from 86,870 acres.

The total 1966 Canadian flue-cured harvest is currently estimated at 215.0 million pounds from 124,176 acres, compared with the 1965 crop of 159.2 million pounds from 93,523 acres.

Spanish Table Olive Pack Down Sharply

The 1966-67 Spanish table olive pack has been estimated at 32,400 short tons—down 20,600 from the previous year and 25,700 from the 1960-64 average. The "off" year of the production cycle, the adverse weather conditions, and heavy fly infestation are reasons the pack was reduced. Varieties classified as exportable totaled only 22,000 tons, compared to 48,500 during the previous year. Manzanilla and Queen production have been figured at 18,700 and 2,200 tons respectively. Both are below their respective 1960-64 averages of 21,100 and 14,300 tons.

Because of the smaller pack exports are expected to drop severely and total only 23,100 tons, 25,200 below the 1960-64 average. Manzanillas may account for 76 percent of the 1966-67 total, Queens 19, and others 5. The United States remained the largest single market for Spanish table olives during calendar year 1965, taking 84 percent of the total. Average export prices (f.o.b. Seville) opened higher in December 1965 but by January had dropped below those of the previous year. Prices for Manzanillas remained below the 1965 levels through October 1966, but Queens were higher by August of 1966.

SPAIN'S SUPPLY OF TABLE OLIVES

Item	Beg. stocks Dec. 1	Production	Total supply
1965-66[1]	*Short tons*	*Short tons*	*Short tons*
Exportable varieties:[2]			
Manzanilla and similar	5,500	30,900	36,400
Queens	3,300	14,300	17,600
Other	1,700	3,300	5,000
Non-exportable varieties	.....	4,500	4,500
Total tables olives	10,500	53,000	63,500
1966-67[3]			
Exportable varieties:			
Manzanilla and similar	5,500	18,700	24,200
Queens	3,300	2,200	5,500
Other	.....	1,100	1,100
Non-exportable varieties	.....	10,400	10,400
Total table olives	8,800	32,400	41,200

[1]Revised. [2]Only Manzanillas (and similar) and Queens are considered by the Spanish Government suitable for the United States, Canada, and Puerto Rico. Other exportable varieties are shipped elsewhere. [3]Estimate.

SPAIN'S DISTRIBUTION OF TABLE OLIVES

Item	Exports	Domestic consumption	End. stocks Nov. 30	Total distribution
1965-66[1]	*Short tons*	*Short tons*	*Short tons*	*Short tons*
Exportable varieties:[2]				
Manzanilla and similar	17,600	6,600	(4)	24,200
Queens	4,400	1,100	(4)	5,500
Other	1,100	.....	(4)	1,100
Non-exportable varieties	.....	10,400	(4)	10,400
Total	23,100	18,100	(4)	41,200
1966-67[3]				
Exportable varieties:				
Manzanilla and similar	24,300	6,600	5,500	36,400
Queens	13,200	1,100	3,300	17,600
Other	4,400	600	.....	5,000
Non-exportable varieties	.....	4,500	.....	4,500
Total	41,900	12,800	8,800	63,500

[1]Revised. [2]Only Manzanillas (and similar) and Queens are considered by the Spanish Government suitable for the United States, Canada, and Puerto Rico. Other exportable varieties are shipped elsewhere. [3]Estimate. [4]Negligible.

SPANISH AVERAGE EXPORT PRICES
[f.o.b. Seville]

Year	Manzanillas		Queens	
	Whole	Stuffed	Whole	Stuffed
	U.S. cents per pound	*U.S. cents per pound*	*U.S. cents per pound*	*U.S. cents per pound*
December 1964	20	30	22	32
January 1965	26	36	26	36
August 1965	32	42	31	41
October 1965	32	42	31	41
December 1965	27	37	26	36
January 1966	25	35	25	35
August 1966	31	41	34	44
October 1966	31	41	36	46

Hops Crops Large in Australia, New Zealand

Australia's 1966 hops crop, harvested last March, is now estimated at a record 4,119,000 pounds, 32 percent

above last year and 22 percent above average. The previous record crop of 4,088,000 pounds was harvested in 1959. The Tasmanian crop was actually smaller than in 1959, but there was an unusually large crop in Victoria.

Australia imported 1,422,000 pounds of hops during the year ending June 30, 1966, the highest level of imports in the past decade. Of this total, the United Kingdom furnished 35 percent, the United States 28, and New Zealand, 13. Within the past decade the United States has made measurable sales of hops to Australia only during the past 2 years. As a result of the two good crops in succession, carryover stocks have built up slightly. However, because of growing consumption and the need to rebuild stocks further, imports in 1966-67 should still approach the million-pound level.

AUSTRALIA'S HOPS SUPPLY AND DISTRIBUTION

Item	Average 1960--64	1964-65	1965-66	1966-67[1]
	1,000 lb.	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*
Beginning stocks (July 1)[2]	2,153	1,452	216	506
Production[3]	3,389	2,224	3,124	4,119
Imports	402	1,066	1,422	700
Total supply	5,944	4,742	4,762	5,325
Exports	...	...	...	...
Domestic disappearance	4,362	4,526	4,256	4,325
Ending stocks (June 30)[2]	1,582	216	506	1,000
Total distribution	5,944	4,742	4,762	5,325

[1]Preliminary. [2]Stocks data exclude new crop hops. [3]Crop harvested in March of first year shown and available to brewers by July 1.

The 1966 hops crop in New Zealand (harvested last March) is now estimated at 1,072,000 pounds—36 percent above the 1960-64 average but only marginally above the 1965 level. The quality is reported to be above average with less than 1 percent of the crop failing to make the "Brewers Quality" grade. Commercial brewers will use about 800,000 pounds of the crop, and an additional 10,000-20,000 will go into home brewing. Much of the remainder will go toward rebuilding carryover stocks, which have become seriously depleted in the past few years.

NEW ZEALAND'S HOPS SUPPLY AND DISTRIBUTION

Item	Average 1960-64	1964-65	1965-66	1966-67[1]
	1,000 lb.	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*
Beginning stocks (July 1)[2]	426	250	63	54
Production[3]	789	662	1,036	1,072
Imports	...	...	...	...
Total supply	1,217	912	1,099	1,126
Exports	37	43	235	100
Domestic disappearance	853	806	810	850
Ending stocks (June 30)[2]	327	63	54	176
Total distribution	1,217	912	1,099	1,126

[1]Preliminary. [2]Stocks data exclude new crop hops. [3]Crop harvested in March of first year shown and available to brewers by July 1.

Canada Harvests Bumper Hops Crop

The first official British Columbian estimate sets the 1966 Canadian hops crop at 1,783,000 pounds, against 1,432,000 in 1965 and a 1,348,000-pound average. The area under hops, at 1,035 acres, was only marginally above 1965. The Canadian trade expects prices for the 1966 crop to run about 63 U.S. cents a pound for most of the crop, with about 4 percent of the crop selling at around 60 cents.

In 1965-66 Canada is estimated to have imported 1,956,000 pounds of hops, 1,812,000 pounds (93 percent) from the United States. Small shipments also came from Yugoslavia and West Germany. Because of the good 1966 crop, imports this season are expected to be down to about 1.8 million pounds.

CANADA'S HOPS SUPPLY AND DISTRIBUTION

Item	Average 1960-64	1964-65	1965-66[1]	1966-67[2]
	1,000 lb.	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*
Beginning stocks (Sept. 1)	2,099	1,885	2,256	2,000
Production	1,348	1,523	1,432	1,783
Imports	2,034	2,222	1,956	1,817
Total supply	5,481	5,630	5,644	5,600
Exports	...	...	...	...
Domestic disappearance[3]	3,468	3,374	3,644	3,700
Ending stocks (Aug. 31)	2,013	2,256	2,000	1,900
Total distribution	5,481	5,630	5,644	5,600

[1]Preliminary. [2]Forecast. [3]Includes minor quantities of unrecorded exports, other uses, and waste.

South Africa Produces Good Hops Crop

South Africa's 1966 hops production, at 200,000 pounds, was sharply above that of 1965 and nearly 10 percent above average. However, it was still far below domestic requirements, and imports for calendar year 1966 are expected to total 550,000 pounds. In 1965 exports amounted to 942,000 pounds, against a 1960-64 average of 540,000 pounds. The United States supplied only 26 percent of the 1965 total (mostly in the form of inexpensive packaged hops for retail sale to home brewers), against 46 percent in 1964 and the 1960-64 average of 51 percent. A decline in the market for retail packets of hops appears to be the main cause of the United States' declining share of the South African market.

SOUTH AFRICA'S HOPS SUPPLY AND DISTRIBUTION

Item	Average 1960-64	1964	1965	1966[1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Beginning stocks (Jan. 1)	550	553	355	488
Production	183	133	153	200
Imports	540	582	942	550
Total supply	1,273	1,268	1,450	1,238
Exports[2]	...	...	...	...
Domestic disappearance	755	913	962	950
Ending stocks (Dec. 31)	518	355	488	288
Total distribution	1,273	1,268	1,450	1,238

[1]Preliminary. [2]Minor exports included in domestic disappearance.

French Cotton Consumption Increases

Activity in the French cotton textile industry improved in the latter half of the 1965-66 season. Total consumption in 1965-66 (August-July) reached 1,225,000 bales, 4 percent above the 1964-65 level. Consumption in 1966-67 is expected to increase moderately from the 1965-66 level. Yarn orders are booked well into the new year. Prices for textiles are generally firm but are being checked against any significant price rise by the continued high level of imports of foreign goods.

During the January-August period of 1966, imports of cotton textiles were around one-third above the same months of a year earlier. Exports of cotton goods during the same period were slightly below a year earlier. Continued strong competition from manmades, the influx of

low-cost textiles from outside France, and rising costs have prompted a number of mergers in recent years in an effort to achieve optimum plant efficiencies.

Imports of raw cotton during the complete 1965-66 season (August-July) totaled 1,229,000 bales, 13 percent above the 1,084,000 bales imported in 1964-65. Imports from the United States, at 134,000 bales, were down sharply from the 251,000 bales imported in 1964-65. In the first 2 months (August-September) of the 1966-67 season, imports were 132,000 bales, compared with 110,000 in the same months a year earlier. Purchases continue on an as-needed basis.

Quantities of cotton imported from principal sources in 1965-66, in thousands of bales and with comparable 1964-65 figures in parentheses, were: Mexico 228 (131), Franc Zone 210 (168), Turkey 111 (69), Iran 67 (30), Syria 67 (96), USSR 95 (42), Brazil 57 (78), Egypt 50 (57), Peru 39 (25), Sudan 30 (16), Guatemala 28 (14), Pakistan 21 (22), and Greece 10 (6).

Philippine Cotton Use and Imports Up

The Philippine cotton textile industry is currently recovering from its depressed condition of the last several years. Imports and consumption increased sharply in calendar year 1966, largely because of a successful campaign by the Philippine Government to control "technical smuggling" of textile products into the country. During the 1965-66 season (August-July), cotton consumption reached an estimated 150,000 bales, 20 percent above the 1964-65 level, but 12 percent below record consumption of 170,000 bales in 1960-61. The improved textile situation is expected to continue into the 1966-67 season. The Philippine Government has granted tax exemptions on imports of raw material and machinery parts; mills are now operating at more than 60 percent of capacity.

Imports in 1965-66 totaled 156,000 bales and may reach 200,000 bales in 1966-67. This compares with 120,000 in 1964-65. Imports from the United States in 1965-66 totaled about 95,000 bales, the same as a year earlier. Most of the increased imports in 1965-66 were from Mexico, which accounted for about 40,000 bales, compared with 15,000 in 1964-65.

Cotton production has been attempted in the Philippines for a number of years, but has never exceeded 2,000 bales per year. Except for small experimental plots, efforts to produce cotton have largely been abandoned. Insects and diseases and unfavorable weather reportedly account for lack of success.

Stocks on hand on August 1 were around 30,000 bales, a minimum requirement at current rates of consumption.

Tanzania Grows Record Cotton Crop in 1966-67

Cotton production in the United Republic of Tanzania is estimated at a record 375,000 bales (480 lb. net) in the 1966-67 season, 21 percent above the previous record of 310,000 bales in 1965-66. The crop was grown on roughly half a million acres. Most of Tanzania's cotton comes from the area to the south and east of Lake Victoria and is medium staple American upland type. In addition to the major portion of the crop grown in the "Lake Region," an additional 20,000 bales are grown in the Coastal Zone.

The reduced world price for cotton this season and the large crop resulted in insufficient reserves in Tanzania's price stabilization fund to maintain producer prices at previous levels. Therefore, growers in 1966-67 will receive 46 East African cents per pound (about 6 U.S. cents per pound) for Grade "A" seed cotton. This is 2 East African cents below prices a year earlier (except Grade B, which is unchanged at 21 cents), but has been partly offset by a reduction of certain cesses.

Tanzania continues to pursue a policy of promoting industries which utilize the country's raw materials. Consistent with that policy, Tanzania is currently expanding its textile capacity. One spinning mill is reportedly operating and two more are scheduled for completion by 1969.

Exports of raw cotton from Tanzania in 1964-65 (Aug.-July) were 247,000 bales (480 lb. net) and are estimated at about 300,000 in 1965-66. In the August-April period of 1965-66, exports totaled 278,000 bales. In recent years, nearly three-fourths of Tanzania's cotton exports have moved to Communist China and Hong Kong.

Herring Fishing Suspended in Norway

Norway's three major fishermen's marketing organizations recently suspended for an indefinite period catch operations for herring and other fish used in the fish reduction industry. The suspension will discontinue all deliveries of fish to the Norwegian fishmeal and oil industry and is apparently a reflection of the current oversupply in the international fishmeal market. In 1965 Norway was the world's major fish oil producer, accounting for nearly one-fourth of the world's fish oil output, and over 10 percent of world exports.

Norwegian exports of fishmeal in January-August-1966 amounted to 155,700 metric tons, compared with 147,500 tons in the comparable period of 1965. However, production through August of the current year amounted to 327,500 tons, against only 232,800 tons in the same period last year. As of early November, Norwegian herring meal stocks were reported at about 200,000 tons, more than double those in November 1965.

Philippine Exports of Coconut Products

Registered exports of copra and coconut oil from the Philippine Republic during January-October 1966 totaled 750,449 long tons (oil basis), 23 percent above the 612,059 registered in 1965.

Exports of copra during the 10-month period ending October 31 were 778,432 long tons, compared with 669,539 tons in the same 1965 period. Exports of coconut oil amounted to 252,253 long tons, against 183,554 in the same 10 months of 1965.

Exports of desiccated coconut during October 1966 totaled 6,901 short tons. Cumulative exports through October were 58,744 tons, 3,161 tons below the same period a year ago. Of the total, 72 percent moved to the United States compared with 78 percent last year.

Cameroon To Supply Its Own Sugar

The Federal Republic of the Cameroon expects within the next 2 years to be entirely independent of foreign suppliers to satisfy its domestic sugar consumption. This is within the framework of the second Five-Year Plan adopted

last summer by the National Assembly of the Cameroon. The Sugar Society of the Cameroon (SOSUCAM), a semi-governmental enterprise, is moving ahead with plans for sugarcane plantations and with the construction of a sugar refinery to be located about 60 miles northeast of Yaoundé. The refinery is to be built at Nanga-Eboko in the Haute-Sanaga area and will be on the Trans-Cameroon Railroad, now under construction.

The refinery is expected to produce 12,000 metric tons of refined sugar per year, but its capacity can be doubled if necessary. Operation of the refinery is expected to begin for the 1967-68 harvest, estimated at 7,500 metric tons. In recent years annual consumption of refined sugar in Cameroon has been a little over 10,000 metric tons.

Cameroon To Open New Cocoa Processing Plant

A new 20,000-ton-capacity cocoa processing plant has just been completed at Yaoundé, Cameroon. Built by Japanese interests, the new factory is expected to begin limited operations shortly, producing cocoa butter and cake mostly for export to Japan.

With the Douala processing plant, Cameroon will soon have an annual grind capacity of 40,000 tons.

Ontario Winter Wheat To Aid Pakistan and Turkey

The Ontario Wheat Producers' Marketing Board has sold two blocks of winter wheat, totaling about 771,000 bushels, to the Canadian Government for shipment overseas under food aid programs.

Mr. K. A. Standing, secretary-manager of the Ontario Wheat Producers' Marketing Board, recently announced that one order, for 439,000 bushels, would go to Pakistan, leaving Montreal on November 3. The other, involving 331,400 bushels and destined for Turkey, was scheduled to leave Montreal on November 5.

Stocks for the two orders were drawn from 1966-crop surplus winter wheat purchased by the Ontario Wheat Producers' Marketing Board. To date these purchases total about 2.4 million bushels. After filling the orders for Pakistan and Turkey, the Board should have stocks on hand amounting to approximately 1,629,000 bushels.

This latest order for Pakistan is the third such contract between the Canadian Government and the Board for Ontario wheat destined to that country. Added to one order in 1964 and another in February 1966, the current shipment brings the total amount shipped to Pakistan under aid programs to nearly 1.5 million bushels. The order for Turkey is the first for Ontario winter wheat to be exported to that country.

Dutch Again Reduce Butter Export Price

Several recent actions by the European Economic Community and the Dutch Government Purchasing Agency (GPA) are enabling Dutch traders to offer butter and butter products for export at lower prices.

During the week ended November 18, the Dutch intervention agency (GPA) announced an offer to sell nearly 7 million pounds of cold-storage butter to local processors and exporters at prices ranging from 60 to 62 cents per pound. This represents a reduction of 3 to 5 cents per pound in previously announced GPA offering prices.

Two weeks earlier there was an increase in export subsidies amounting to 1 to 2 cents per pound. The current export subsidy for Zone III countries, which includes North America, is 43 cents per pound. The reduced selling price and increased export subsidy makes possible a 4- to 7-cents-per-pound reduction in their export price.

Before the most recent adjustments, the calculated f.o.b. butter export price for Zone III countries was 22 to 24 cents per pound. The above price reduction and subsidy increase makes it possible to offer butter at a little under 20 cents per pound. This is the lowest price at which butter has been available from the EEC since May and June.

In the case of melted butter or butter oil, the increase in subsidies has been even sharper. Coupled with the reduced GPA selling price, the increased export aid made available for butter oil since late October amounts to about 8 cents per pound. The export subsidy for butter oil destined for Zone III countries currently amounts to 53 cents per pound. After allowing for reprocessing and other conversion costs, it is estimated that butter oil could be exported to Zone III countries at around 25 cents per pound.

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Correction: The article "The Foreign Market for U.S. Feedgrains" in the November 28, 1966, issue of *Foreign Agriculture* has an incorrect estimate for Western Europe's 1966-67 corn crop. Page 9, paragraph 5, line 3 should read 9.8 million tons.

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Highlights of the Agriculture and Trade of the Ivory Coast

Resources.—The Ivory Coast has an area of 124,503 square miles, somewhat larger than that of New Mexico, and a population of 3.9 million. Gross National Product in 1964 was $795 million; per capita GNP, $215.

Agriculture.—Plentiful rainfall and warm temperature make the southern part of the Ivory Coast well suited for tropical tree crops like coffee, cocoa, kola nuts, bananas, oil palms, coconuts, and plantains, as well as pineapples, yams, cassava, rice, and cocoyams. Coffee is by far the most valuable crop produced in the country, vying the Ivory Coast with Angola as the third largest coffee producer in the world.

The northern part of the country, with less rainfall and more variable temperature, is reasonably well suited for growing cotton, peanuts, sorghum, and millet.

As the country is in the tropics and land elevation is generally low, the Ivory Coast is not suited for the production of Temperate Zone crops like wheat, rye, oats, Irish potatoes, apples, pears, and peaches. Nor is it well suited for dairying. Conditions are reasonably favorable in the north, however, for raising beef cattle.

The Ivory Coast has one of the most rapidly expanding agricultural productions of any African country. According to the USDA index, agricultural production in 1965 was 70 percent above the 1957-59 average.

The Ivory Coast is not now a major producer of palm oil and palm kernels. However, oil palm plantations totaling 32,000 hectares (79,100 acres) are being developed with EEC economic assistance. When all the high-yielding oil palms come into full bearing, expected by 1978, the Ivory Coast will be one of the world's important producers and exporters of palm oil kernels.

Food Situation.—Relying on imports for only a small share of their food, Ivoiriens are largely self-sufficient, although their daily food is somewhat deficient in animal and vegetable protein and in fat. Average daily caloric intake in 1959-61 was 2,610. Well over half is supplied by yams, cassava, and plantains.

Foreign Trade.—The Ivory Coast maintains a decidedly favorable balance of trade each year. In 1964, total exports were valued at $302 million, 85 percent ($256 million) agricultural. Major agricultural exports were coffee, valued at $170 million; cocoa, $59 million; and bananas, $13 million. Other agricultural exports of some importance included canned and fresh pineapple, kola nuts, and palm kernels.

Total imports in 1964 were valued at $245 million, 17 percent ($42 million) agricultural. Chief agricultural imports were rice, valued at $7.9 million; dairy products and eggs, $4.1 million; wheat for the mill at Abidjan, $4.1 million; fruits and vegetables, $3.8 million; wheat flour, $1.9 million; and meat, $1.5 million. Livestock, beer, and wine are also among major imports, but their value is not known.

France is the Ivory Coast's chief customer and supplier.

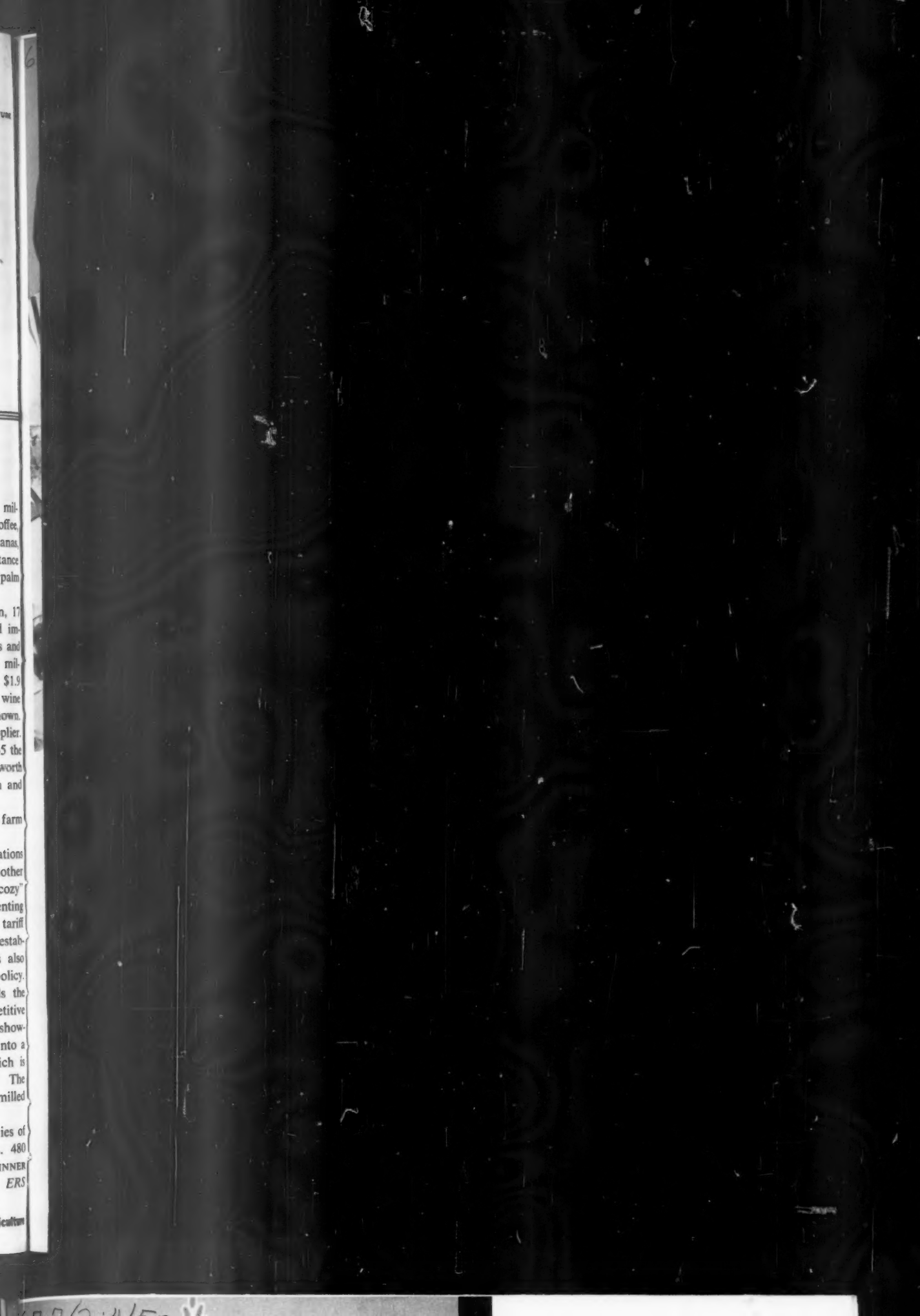
Agricultural Trade With the United States.—In 1965 the United States imported Ivory Coast farm products worth $41 million, including coffee valued at $30.5 million and cocoa beans and products worth $10.4 million.

In 1964 the United States exported $3.3 million in farm products, chiefly rice and tallow, to the Ivory Coast.

Factors Affecting Agricultural Trade.—Trade relations between the Ivory Coast and France, its former mother country, have been variously described in print as "cozy" and "closed-circuit." The machinery for implementing France's favored position consists mostly of quotas, tariff preferences, and foreign-exchange control. Long-established business relationships with French companies also have an important bearing on the Ivory Coast's trade policy.

However, the Ivory Coast's trade policy towards the United States is becoming more liberal and the competitive position of U.S. goods exported to the Ivory Coast is showing some improvement. The country may develop into a market for high-quality American hard wheat, which is well suited for use in the country's humid climate. The mill at Abidjan is now importing nearly all of its unmilled wheat from France.

The United States has shipped appreciable quantities of rice and tallow to the Ivory Coast under the P.L. 480 program.

—SNIDER W. SKINNER
Foreign Regional Analysis Division, ERS

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